

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Billed Party Preference
for 0+ InterLATA Calls

CC Docket No. 92-77

COMMENTS

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MCI Telecommunications Corporation (MCI) hereby comments on the Commission's Notice of Proposed Rulemaking (NPRM) in the above-captioned proceeding concerning billed party preference (BPP). In the NPRM, the Commission seeks comments on "the merits of an automated 'billed party preference' routing methodology for 0+ interLATA payphone traffic and for other types of operator-assisted interLATA traffic." NPRM at 2. The Commission also seeks comment on "the costs and benefits of billed party preference and how such a system should be implemented." Id.

MCI strongly urges the Commission to find that BPP is in the public interest and to require its implementation in the public network because BPP will provide equal access in the operator service market and fulfill the goals of the Telephone Operator Consumer Services Improvement Act (TOCSIA). In United States v. Western Elec. Co., the District Court concluded that BPP is the equal access architecture best suited to the pay telephone market.¹ According to the Court, with BPP, "access to all interexchange carriers would be equal, and it would be in the

¹ United States v. Western Elec. Co., 698 F.Supp. 348, 361 (D.D.C. 1988).

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form most convenient to all callers because (1) a caller would not have to remember a long, complex access code, and (2) he would be charged for his calls by the same company to which he had presubscribed at his home."² Moreover, the Court found that it "would eliminate any threat of discrimination by the Regional Companies."³

Since BPP was not available at that time, the District Court as an interim measure, ordered that payphones be presubscribed by the premise owner. However, AT&T's refusal to allow other carriers to validate its 0+ cards has led to the failure of the payphone presubscription plan as an interim equal access system. Accordingly, BPP must be implemented to ensure equal access and enhance competition in the operator services market.

There can be no dispute that BPP, whereby calls dialed from phones on a 0+ basis would be routed to the carrier chosen by the customer to be billed for the call, will achieve equal access for such calls. Simply stated, the billpayer chooses the carrier. BPP also will provide benefits to the public, including the enhancement of competition in the operator services market by reducing AT&T's historic, unearned and unjustified dominance in this market segment.

Currently, AT&T issues proprietary calling cards with instructions to its customers to dial 0+. As validation and billing data cannot be obtained by other common carriers for

² Id.

³ Id.

these AT&T cards because AT&T refuses to make them available, callers possessing and attempting to use these cards find that they are not accepted on a 0+ basis at hotels, motels, hospitals or other public places, or at any other locations, unless the access line serving these locations is presubscribed to AT&T. Caller confusion, inconvenience and resentment often result in these cases, which AT&T seeks to fuel with its national advertising campaigns.

AT&T's use of 0+ for its cards and its refusal to allow other carriers to validate its cards, coupled with AT&T's plan to flood the market with proprietary cards, has permitted AT&T to begin to remonopolize the public phone market. AT&T advises premise owners that, because it has a dominant share of the card market and 0+ service, it can accept most of the calling cards in circulation, whereas its competitors cannot accept calls using AT&T's 0+ card. It then informs premise owners that it is in a position to pay a greater amount overall in commissions by virtue of its dominant position in the market segment, and that selection of another carrier would only result in a diminution of the amount of commissions received by them. The result of these untoward marketplace undertakings is that AT&T is able to retain a dominant share of this business by extinguishing the insubstantial competition that followed payphone presubscription. AT&T's marketing strategy, in effect, coerces premise owners into selecting AT&T as their presubscribed operator service provider (OSP) because other carriers cannot validate and bill AT&T's

proprietary card. This deprives the premise owner of revenues if it selects a competitor of AT&T.

AT&T's unfair advantage would be substantially reduced if BPP were implemented and all 0+ calls were routed to the carrier chosen by the customer to be billed. BPP will enhance competition by altering the incentives in the operator services and payphone markets. Currently, the premise owner, not the consumer, selects the presubscribed OSP based on the amount of commissions the OSP can pay, rather than other factors such as the quality of the OSP's service. With BPP, OSPs will have to compete for the consumer's business. Thus, OSPs should be incented to offer unique, high quality services at competitive prices. Similarly, payphone providers will have to compete to provide phones at aggregator locations based on the quality of their services rather than the amount of commission payments they are willing to make. Thus, BPP will lead to more quality services in both the operator services and payphone markets, which will both increase consumer choice and promote competition.

BPP also will achieve the primary goal embodied in the TOCSIA, namely, to ensure that consumers placing operator assisted calls from aggregator locations, including pay telephones, have access to the carrier of their choice. The resulting Commission rules that require aggregators to unblock 10XXX over a period of years and carriers to establish an 800 or 950 access code are an important step toward achieving this objective. However, full equal access still has not been

achieved. Without universally available 0+ access to the carrier of his or her choice, a consumer is hindered in the use of the public network.

MCI's experience and research indicates that consumers want the convenience of being able to access their preferred carrier with 0+ dialing. In many cases consumers are willing to forego the advanced features and lower prices of cards that require access numbers in favor of 0+ dialing. According to consumers, access code dialing takes too long and involves too many digits and, therefore, cards that require such dialing patterns are inconvenient.

The comments of the SDN Users Association, Inc. (SDN Users) support this conclusion.⁴ According to the SDN Users, "0+ dialing convenience is demanded by calling card users, most of whom are very mobile people who require ease of use and are resistant to the retraining necessitated by a dialing change."⁵ The SDN Users further state that "[s]ome of our members report that the acceptance of AT&T SDN calling cards was, in fact, dependent upon the 0+ capability."⁶ It is unlikely that consumers' attitudes toward access-code-based cards will change

⁴ See, Comments SDN Users Association, Inc., CC Docket No. 92-77, filed June 2, 1992. This group represents alleged "resellers" of AT&T's Software Defined Network service, although there is evidence on the public record that some of these "resellers" are agents of AT&T, who are incented to sell AT&T services to customers of AT&T's competitors. See, e.g., Association of Long Distance Users v. AT&T, IC-92-02458.

⁵ Comments SDN Users at 3.

⁶ Id.

before the implementation of BPP. Thus, MCI urges the Commission to require the prompt implementation of BPP to promote competition in the operator services market.

In order to be effective, BPP must apply to all 0+ and 0- collect calls, calls billed to a third party, and calls billed to a local exchange carrier (LEC) calling card.⁷ This comprehensive coverage will allow consumers to select one interLATA carrier for all calls billed to their phone line, both 1+ and 0+, if they choose, or consumers can select a carrier for their 1+ calls and a different carrier for their 0+ calls. Under BPP, the affected 0+ and 0- calls would be screened by the LEC to determine how to route the call based on the billed party's primary interexchange carrier (PIC). Once the appropriate carrier is determined, the calls would be sent to that carrier for further call handling and completion.⁸

It is not feasible for BPP to apply to coin-paid 0+ calls and, therefore, these calls should be carried by the carrier presubscribed to the phone. It also is not feasible for BPP to apply to 00- calls,⁹ calls billed to a foreign-issued calling card, and international operator-assisted calls billed to an

⁷ BPP should apply to 0+ and 0- collect calls and calls billed to a third party which are billed to a domestic number. BPP also should apply to international dialed 01+ operator-assisted calls which are billed to a domestic number.

⁸ Operator assisted and calling card calls that are placed using 10XXX should be routed to the designated interexchange carrier for completion and billing. By dialing 10XXX, an appropriate carrier selection has been made.

⁹ 00- calls are automatically routed to the interexchange carrier presubscribed to the phone.

international number (collect/third party) because this would require a "PIC" in the line information database (LIDB) for every foreign telephone number. Thus, these calls also should be carried by the carrier presubscribed to the phone. In addition, inbound international collect calls and third party billed calls that originate overseas will not be subject to BPP screening. By definition, then, BPP would apply only to interLATA 0+ and 0- calls that originate in the United States.

All access lines, including lines that originate in residences, businesses, hotels, hospitals, universities, LEC payphones and private payphones, in both equal access and non-equal access areas, should be subject to BPP.¹⁰ BPP must be ubiquitous, functioning at every phone, in order to be an effective method of 0+ calling. Moreover, to ensure that the billed party's carrier handles the call, payphone providers and aggregators should be prohibited from using dial-around mechanisms to circumvent the billed party's carrier of choice.

Customers should have the ability to select different carriers for their 0+ and 1+ calls because these access methods are used to provide different services. Thus, tying the 0+ PIC to the 1+ PIC would unnecessarily restrict the end user to only one carrier for different sets of services. Moreover, allowing separate PICs for 0+ and 1+ will promote competition in the operator service market by encouraging OSPs to offer value-added

¹⁰ Implementation of BPP in equal access areas, however, should not be contingent upon implementation in non-equal access areas.

0+ services to attract consumers that have selected a different 1+ carrier.

In order to ensure that all consumers can take advantage of the benefits of BPP and equal access for operator services, it is imperative that consumers receive appropriate notification when this capability is available. The LECs are in the best position to notify consumers when BPP is available and they should be required to do so. Such notification should be sent to all LEC card holders with information on how to select an interexchange carrier (IXC) for operator service calls. Consumers should be able to select their 0+ carrier by contacting either the LEC or the IXC. Therefore, provisions must be made for either entity to take orders and pass the necessary account information to the other. Consumers who do not respond with their selection should be assigned by default to their 1+ carrier. In addition, all consumers who are not LEC card holders should be assigned to their 1+ carrier during the initial implementation of BPP.

The Commission also seeks comment on whether LECs should be required to screen calls on a 10 digit or 14 digit basis. If 14 digit screening is not required, then only one calling card (usually the LEC's calling card) can be based on the consumer's telephone number. Consumers prefer ANI-based cards because they are more convenient to use and easier to remember. Accordingly, if only one carrier is able to issue an ANI-based card, this carrier will have a competitive advantage in the card market.

Finally, with the implementation of BPP, provision must be made for the recognition and routing of proprietary interexchange carrier cards, such as those conforming to the 891 and CIID format. When a consumer uses an 891 or CIID calling card, he or she has, in effect, selected the carrier associated with that card to carry the call. Therefore, when a consumer dials 0+ and uses one of these cards, the LEC should route the call, based on the card number, to the carrier that issued the card.

As demonstrated herein, BPP will provide equal access and promote competition in the operator services market and thus benefit both consumers and competition. Accordingly, the Commission should find that BPP is in the public interest and order its implementation in the public switched network within 18 months from the issuance of an order. Moreover, to ensure that BPP is deployed in an efficient and expeditious manner, the Commission also should order a specific deployment schedule, including a prescribed start date, to enable all carriers to plan and execute the necessary network modifications. In addition, the Commission should establish an industry forum to deal with implementation issues as they arise.

Thus, based on the foregoing, MCI respectfully requests that the Commission adopt the proposals as stated herein.

Respectfully submitted,

MCI TELECOMMUNICATIONS CORPORATION

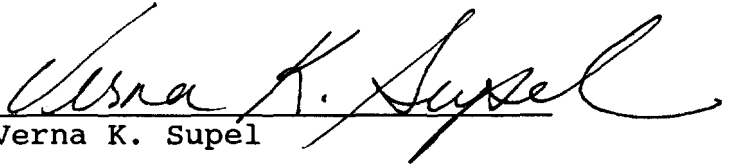
By: Mary J. Sisak
Mary J. Sisak
Donald J. Elardo
1801 Pennsylvania Avenue N.W.
Washington, D.C. 20006
202/887-2605

Its Attorneys

Dated: July 7, 1992

CERTIFICATE OF SERVICE

I, Verna K. Supel, do hereby certify that on this 7th day of July, 1992, copies of the foregoing "**Comments**" in CC Docket No. 92-77 were served by first-class mail, postage prepaid, unless otherwise indicated, upon the parties on the attached list.


Verna K. Supel

*--Hand Delivered

Gary Phillips*
Policy and Program Planning
Division
Common Carrier Bureau
Federal Communications Commission
1919 M Street N.W., Rm. 544
Washington, D.C. 20554

Downtown Copy Center*
Federal Communications Commission
1919 M Street, N.W., Rm. 246
Washington, D.C. 20554

Albert H. Kramer
Keck, Mahin & Cate
1201 New York Avenue N.W.
Penthouse Suite
Washington, D.C. 20005-3919
Attorney for the American
Public Communications Council

David Cosson
L. Marie Guillory
National Telephone Cooperative
Association
2626 Pennsylvania Avenue N.W.
Washington, D.C. 20037

Martin T. McCue
Vice President &
General Counsel
U.S. Telephone Association
900 19th St., N.W., Suite 800
Washington, D.C. 20006-2105

W. Audie Long
Kenneth F. Melley, Jr.
9311 San Pedro, Suite 300
San Antonio, TX 78216
Attorneys for
U.S. Long Distance, Inc.

Jean L. Kiddoo
Swidler & Berlin, Chtd.
3000 K Street N.W., Suite 300
Washington, D.C. 20007
Attorneys for Zero Plus
Dialing, Inc. and
Cleartel Communications, Inc.
and Com Systems, Inc.

Andrew D. Lipman
Jean L. Kiddoo
Ann P. Morton
Swidler & Berlin, Chtd.
3000 K Street N.W., Suite 300
Washington, D.C. 20007

William B. Barfield
Richard M. Sbaratta
Helen A. Shockey
Suite 1800
1155 Peachtree Street N.E.
Atlanta, Georgia 30367-6000
Attorneys for BellSouth
Telephone Companies

Francine J. Berry
Mark C. Rosenblum
Robert J. McKee
Room 3244J1
295 North Maple Avenue
Basking Ridge, New Jersey 07920
Attorneys for American
Telephone and Telegraph Company

Floyd S. Keene
Michael S. Pabian
Ameritech Operating
Companies, Room 4H76
2000 West Ameritech Center Drive
Hoffman Estates, IL 60196-1025
Attorneys for
Ameritech Operating
Companies

Patrick A. Lee
William J. Balcerski
120 Bloomingdale Road
White Plains, New York 10605
Attorneys for
New York Telephone Company
and New England Telephone
and Telegraph Company

John A. Ligon
Law Office of John A. Ligon
128 Mount Hebron Avenue
Post Office Box 880
Upper Montclair, NJ 07043
Attorney for Comtel Computer
Corporation

Larry Moreland
President
SDN Users Association, Inc.
c/o Caterpillar, Inc.
600 W. Washington St., AD341
East Peoria, IL 61630

Douglas F. Brent
Associate Counsel
10000 Shelbyville Road
Louisville, Kentucky 40223
Attorney for Advanced
Telecommunications Corp.,
Americall Systems, Inc.,
First Phone of New England,
Inc.

Douglas N. Owens
4705 16th Street N.E.
Seattle, WA 98105
Attorney for Northwest
Pay Phone Association

Mitchell F. Brecher
Dow, Lohnes & Albertson
1255 Twenty-Third Street N.W.
Washington, D.C. 20554
Attorney for Phonetel
Technologies, Inc.

Greg Casey
Senior VP, Regulatory Affairs
Jane A. Fisher
Director, Federal Regulatory
6707 Democracy Blvd.
Bethesda, MD 20817
International Telecharge, Inc.

Danny E. Adams
Brad E. Mutschelknaus
Steven A. Augustino
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006
Attorneys for Competitive
Telecommunications Assn. and
International Telecharge, Inc.

H. Richard Juhnke
Leon M. Kestenbaum
1850 M Street N.W.
Suite 1100
Washington, D.C. 20036
Attorneys for
Sprint Communications

John M. Goodman
Bell Atlantic
Telephone Companies
1710 H Street N.W.
Washington, D.C. 20006

James P. Tuthill
Nancy C. Woolf
Theresa L. Cabral
140 New Montgomery St., Rm. 1523
San Francisco, California 94105
Attorneys for Pacific Bell
and Nevada Bell

Glenn B. Manishin
Blumenfeld & Cohen
1615 M Street, N.W., Suite 700
Washington, D.C. 20036
Attorney for Value-Added
Communications, Inc.

Gail L. Polivy
1850 M Street N.W.
Suite 1200
Washington, D.C. 20036
Attorney for GTE
Service Corporation

Bob F. McCoy
Joseph W. Miller
P.O. Box 2400
One Williams Center,
Suite 3600
Tulsa, OK 74102
Attorneys for WilTel, Inc.

James L. Wurtz
1275 Pennsylvania Ave., N.W.
Washington, D.C. 20004
Attorney for Pacific Bell
and Nevada Bell

Randolph J. May
David A. Gross
Elizabeth C. Buckingham
Sutherland, Asbill & Brennan
1275 Pennsylvania Ave., N.W.
Washington, D.C. 20004
Attorney for Capital Network
System, Inc.

Duward D. Dupre
Richard C. Hartgrove
John Paul Walters, Jr.
1010 Pine Street, Room 2114
St. Louis, Missouri 63101
Attorney for Southwestern
Bell Telephone Company

Lawrence E. Sarjeant
Randall S. Coleman
1020 19th Street N.W.
Suite 700
Washington, D.C. 20036
Attorneys for US West
Communications, Inc.

Rick L. Anthony
Executive Vice President
Quest Communications Corporation
6600 College Boulevard, Suite 205
Overland Park, KS 66211